

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING**

**Call to Order:** By **CHAIRMAN DAVE KASTEN**, on January 8, 2003 at 8:15 A.M., in Room 350 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Dave Kasten, Chairman (R)  
Sen. Tom Zook, Vice Chairman (R)  
Rep. Christine Kaufmann (D)  
Sen. Jon Tester (D)  
Sen. Joseph (Joe) Tropila (D)  
Rep. John Witt (R)

**Members Excused:** Sen. Bob Keenan (R)

**Members Absent:** None.

**Staff Present:** Catherine Duncan, Legislative Branch  
Jane Hamman, OBPP  
Cj Johnson, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Note:** This is an overview and informational meeting presented by Jim Edgecomb, Department of Commerce, and John Tubbs, Department of Natural Resources.

Reference book is: Governor's Budget, State of Montana, Treasure State Endowment Program, Fiscal Years 2004-2005, Volume 4, and the Governor's Budget State of Montana, Fiscal Years 2004-2005, Renewable resource Grant and Loan Program, Volume 6.

*{Comments: Tapes not available}*

**CHAIRMAN KASTEN** welcomed the committee members and audience to the 58th Legislature 2003 Assembly. He introduced **Cathy Duncan, Associate Legislative Fiscal Analyst(LFA)**, and **Jane Hamman, Office of Budget and Program Planning(OBPP)**, and asked them to inform the committee of their work experience and background. **Cathy Duncan, Associate Legislative Fiscal Analyst**, distributed and reviewed the committee schedule. She provided the committee with an insert, Section F for their binder; Governor's Budget, Long Range Planning. **Ms. Duncan** stated the hearing schedule for the committee is available on the State's web site.

**Jane Hamman, Office of Budget and Programing (OBPP)**, introduced herself and the role of OBPP in this committee.

Each committee member introduced themselves.

**Terry Johnson, Legislative Fiscal Analyst(LFA)**, introduced himself and informed the committee members he is assisting **Ms. Duncan**.

**CHAIRMAN KASTEN** outlined the procedures to be followed by the committee, such as: seconds to motions are no longer required; and turn off cell phones.

**SENATOR BOB KEENAN** is on another committee and will be leaving and returning to the committee hearings during this session.

**CHAIRMAN KASTEN, House District 99**, opened the hearing on HB 11.

*{Tape: 1; Side: A; Comments: The hearing started at 9:00 a.m. on HB 11}*

#### HB 11

**Sponsor: REP. DAVE KASTEN, House District 99**

**CHAIRMAN KASTEN** introduced Jim Edgcomb who will discuss TSEP grants and projects.

**Jim Edgcomb Department of Commerce(DOC), Treasure State Endowment Program (TSEP)**, introduced himself and other members of his staff, **Nancy Guccione, Ellen Hanpa, and Kim Hayes**. **Mr. Edgcomb** provided the committee members with the Governor's Budget, Treasure State Endowment Program(TSEP), Volume 4, State of Montana, Fiscal Years 2003-2004, (Exhibit 1), for the members to follow during his presentation of the TSEP process for application for funding and determining the target rates.

Each member also received a report (Exhibit 2) for their information entitled Uniform Application Supplement for Montana Public Facility Projects.

**EXHIBIT (j1h03a01)**

**EXHIBIT (j1h03a02)**

**Mr. Edgcomb** informed the committee that the DOC TSEP single application form is unique within the country with both state and federal agencies, and is used as a model by other states to follow. He said they won a national award from the Department of Housing and Urban Development for having this model practice.

**Mr. Edgcomb** answered questions from committee members on the various procedures and how the funding is distributed. He walked the committee through the application process, the impact the funds will have, and the purpose for making application for the TSEP funds.

**Mr. Edgcomb** opened his presentation of the Governor's Budget, TSEP, titled: The Orientation to TSEP. He reviewed for the committee:

1) TSEP Eligible Projects: a) drinking water systems; b) wastewater treatment facilities; c) sanitary or storm drain sewer systems; d) solid waste disposal and separation systems; and e) bridges.

2) TSEP Eligible Applicants are: a) Incorporated cities or towns; b) Consolidated governments; c) County or multi-county water, sewer or solid waste districts; and d) Tribal governments.

3) **Mr. Edgcomb** discussed the TSEP scoring and ranking process stating it is a two step process: a) score and rank applications according to the seven statutory priorities; and b) recommend the form and amount of assistance.

**Mr. Edgcomb** said his office has never completed a loan process, that grants always take precedence for TSEP projects. He discussed the seven priorities in statutory order for TSEP Projects. The seven priorities are located on page 307, appendix B, of the Governor's Budget Manual-TSEP, (Ex. 1). He addressed each priority and how they rate them for the maximum possible points to receive TSEP funds: 1) Health and Safety--1000 points; 2) Financial need--900 points; 3) Design/preliminary engineering--800 points; 4) Planning and management--700 points; 5) Other funds available--600 points; 6) Economic development--500 points; 7) Community support--400 points. He said there are two indicators used in determining the financial assessment for the counties and towns: 1) economic condition of households--the levels of income assessed for each family; and 2) financial analysis.

**Mr. Edgcomb** said that applicants are not allowed to send in or give any additional information after May 3rd of each year.

**Mr. Edgcomb** addressed Scoring Criteria-Water in Tab B-TSEP manuel, and how they determine the five levels; there are one through five points of levels for: water, wastewater, storm drains, and solid waste projects. He addressed bridges which are also addressed in Tab B, stating they are straight forward in the five point scoring level. All bridges have been placed under "Level 4," which makes it easier to find funding. Out of 55 bridge applications, they have listed the top 12 bridges that are in the greatest need of replacement for a total cost of \$104 million. He said for bridges to be rated, the criteria outlined in the National Bridge Inspection (NBI) Coding Guide must be met to receive federal/state funds and grants.

**Mr. Edgcomb** discussed Tab C-TSEP, a table showing the competitive ranking of applicants and indicators for projects to receive TSEP. He stated the census figures for 2001 were not available when developing the manual, and they had to use the 1990 census.

**Mr. Edgcomb** reviewed the Emergency Project Fund. There is \$23,000 remaining in the fund, and if the money isn't used it will be placed with the next biennium funds. He said there are four emergencies projects requiring immediate assistance: 1) Beaverhead--septic system; 2) Fort Peck Tribes--Frazier-leaking water; 3) Lodge Grass--water pump for well hit by lightening; and 4) Geraldine--sewer main blocked and had to reroute it temporarily.

**Mr. Edgcomb** reviewed HB 11, Tab F, TSEP, sponsored by **REP. KASTEN**. HB 11 appropriates \$5.5 million, and \$20,000 for emergency funds. He stated that TSEP grants are matched with local community dollars. **Mr. Edgcomb** said his program have made a request for an additional FTE of \$51,000. He said an engineer position is requested to assist with the increased workload, assistance with preliminary reports, engineering requirement, and emergency needs to meet the obligations of the department and communities.

**Mr. Edgcomb** discussed Appendix C addressing the status of uncompleted TSEP projects that had previously appropriated funding.

**Mr. Edgcomb** discussed Tab G, that addresses projects that have been specifically referred back to the legislature: 1) Ekalaka was awarded \$87,000 by the 1999 Legislature for improvements to the wastewater system to replace two sections of sewer mains. It was determined that the mains were not as

serious a problem as first determined and were not replaced. After the TSEP funds were awarded in 1999, the Department of Environmental Quality (DEQ) has issued discharge permit violations and is requiring the town to add a disinfection system to their effluent stream by December 31, 2003. Ekalaka has reapplied for funding this project. If the funding is reduced, the town is no longer above the cutoff line for funding. He stated the TSEP staff recommend the town be allowed to change the scope of the project, and utilize the funds awarded in 1999.

2) Havre was awarded \$500,000 by the 2001 Legislature for improvements to their water system. Havre has decided not to construct the project and the contract with the department was terminated. Due to lack of funds projected for the 2003 biennium, these funds will not be available since they will be utilized by other 2001 projects.

3) Conrad was awarded \$100,000 by the 2001 Legislature to move the city's water system intake structure. The appropriation was designated as an emergency grant, and was not part of the 31 projects funded at that time. The city did not obtain the other funding necessary to complete the project and has applied to the 2003 Legislature for a \$500,000 grant for the same purpose. It is the Department's recommendation to award the \$500,000 on condition of the termination of the \$100,000 awarded them in 2001. The \$100,000 can be reallocated to fund other projects.

4) Richland County was awarded \$181,155 by the 1999 Legislature for improvements to their bridge system. The project has been completed, and the \$23,000 that remains can be reallocated to fund other projects.

5) Boulder was awarded \$500,000 by the 1999 Legislature for improvements to their water system. The project is complete with the exception of the corrosion control. The department withheld \$180,000 of the TSEP funds to provide sufficient funds to add the corrosion control equipment if the they could demonstrate to DEQ that is it not required. As of November 22, 2002, the city was still not in compliance, and attempts by Department of Environmental Quality (DEQ) to resolve the issue have been ignored. The TSEP staff recommends that \$180,000 be reallocated to fund other projects.

6) Helena was awarded \$400,000 by the 1997 Legislature for improvements to the wastewater system. Construction was completed prior to March 2002, but the City has not yet submitted the required documents needed to conditionally close the project which would allow \$25,000 that is being retained to be released. Documents are required to close out a project within 90 days of completion. The TSEP staff recommends this money be reallocated

to fund other projects if the closeout documents have not been submitted by the end of March 2003.

7) Hill County Water District was awarded \$500,000 by the 1995 Legislature for improvements to their water system. Under EPA rules, the district must treat all water drawn from its Fresno reservoir surface water. The district has been waiting to find out whether the federal government will authorize the funding of the proposed regional water system known as Rocky Boy Reservation--North Central Montana Regional Water System. A proposed alternative project would eliminate the need for construction of a water treatment facility at Fresno Reservoir, since the district would be supplied with water from the proposed North Central Montana Regional Water System. Congress authorized the project in November 2002, and the regional water authority is now working toward getting funds appropriated for the project. The TSEP staff recommends the \$500,000 be reallocated to fund other projects.

**John Tubbs, Bureau Chief of Resource Development Bureau, Department of Natural Resources (DNRC)**, provided an informational overview of the Regional Water Projects and its funding. The funds for this program are separate from the funds **Mr. Edgcomb**.

The committee members asked questions and received responses on the projects presented by **Mr. Tubbs**.

**CHAIRMAN KASTEN** closed the hearing on HB 11. He informed the committee members and the audience that the presentation for the TSEP projects will begin on January 9, 2003, Thursday, at 8:30am.

The meeting was adjourned.

**ADJOURNMENT**

Adjournment: 11:10 A.M.

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REP. DAVE KASTEN, Chairman

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Claudia Johnson, Secretary

DK/cj

**EXHIBIT** (j1h03aad)